

# Appropriations Committee Orientation

January 11, 2005

# Agenda

- Major Steps in the Budget Process
- The Budget Books
- Elements of Committee Motions

# Major Steps in the Budget Process

- State's fiscal year (FY) runs from July 1 to June 30. FY 2005 began July 1, 2004.
- September 2004: Agencies submitted budget requests for FY 2006 and FY 2007
- Fall 2004: JLBC Budget development
- January-February 2005: Appropriations hearings
- Spring 2005: Approval of budget bills

# Appropriations Hearings

- Every agency assigned to either full committee or joint committee

## Large Agencies

- House and Senate full committees will separately hold hearings on 10 large agencies at regular committee time

## Medium Size Agencies

- House B and Senate Appropriations meet jointly on Tuesday morning
- House P and Senate Appropriations meet jointly on Thursday afternoon
- Friday meeting if Tuesday/Thursday agendas unfinished

## Small Agencies

- Assigned to “consent agenda”

# Appropriations Hearings

- JLBC Staff presentation: Compare JLBC and Executive recommendations
- OSPB presentation: Governor's budget staff presents recommendation
- Agency presentation: Director and/or other staff
- Public testimony

# Budget Bills

- General Appropriation Act: Main appropriation bill; also called “feed bill”
- Supplemental Appropriation Act: Adjustments to FY 2005 budget
- Capital Outlay Bill: Funds construction and major maintenance of state facilities
- Budget Reconciliation Bills: Changes in law necessary to implement the budget

# JLBC Budget Book

- Standard Budget Line Item Detail
- Fund Sources
- Description of Agency and Programs
- Performance Measures
- Explanation of Dollar Changes from Prior Budget

# Annual and Biennial Budgets

- Statute requires 16 agencies to submit annual budget requests; 101 others submit biennial requests
- JLBC Budget recommends that 51 agencies receive annual budgets during the 47<sup>th</sup> Legislature
  - Increases flexibility in drafting FY 07 budget next year



## *Arizona Pioneers' Home*

JLBC: Kimberly Chelberg

OSPB: Antonio Hardeman

DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC	FY 2007 JLBC
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	115.8	115.8	115.8	115.8
Personal Services	2,993,300	3,267,400	3,267,400	3,267,400
Employee Related Expenditures	916,100	1,144,300	1,052,700	1,052,700
Professional and Outside Services	113,300	129,300	129,300	129,300
Travel - In State	23,800	25,000	25,000	25,000
Travel - Out of State	308,000	0	0	0
Other Operating Expenditures	607,600	474,700	454,400	454,400
Food	178,300	202,200	202,200	202,200
Equipment	31,900	12,000	12,000	12,000
<b>OPERATING SUBTOTAL</b>	<b>5,172,300</b>	<b>5,254,900</b>	<b>5,143,000</b>	<b>5,143,000</b>
<b>SPECIAL LINE ITEMS</b>				
Prescription Drugs	343,200	436,400	436,400	436,400
<b>AGENCY TOTAL</b>	<b>5,515,500</b>	<b>5,691,300</b>	<b>5,579,400</b>	<b>5,579,400</b>

# Standard Budget Line Item Detail

- FTE Positions: Number of full-time employees
- Personal Services: Salaries
- Employee Related Expenditures: Benefits (health/dental, retirement, social security/Medicare taxes, etc.)
- Professional & Outside Services: Contracted services and consultants
- Travel-In State: Travel, lodging, and per diem
- Travel-Out of State
- Other Operating Expenditures: Rent, supplies, risk management
- Food: In state homes
- Equipment
- Operating Budget: Total of prior line items
- Special Line Items: Usually grants to people/groups

# Types of Funds

- General Fund
  - Unless dedicated for a specific purpose, revenue collections are deposited in the General Fund
  - Most General Fund monies are annually appropriated
- Dedicated Revenue Funds
  - Collections earmarked for a specific purpose
  - Only some of these funds are subject to legislative appropriation

**FUND SOURCES**

General Fund	3,642,500	3,257,500	0	0
Other Appropriated Funds				
Miners' Hospital Fund	1,327,100	1,468,900	1,357,000	1,357,000
State Charitable Fund	545,900	964,900	4,222,400	4,222,400
SUBTOTAL - Other Appropriated Funds	1,873,000	2,433,800	5,579,400	5,579,400
<b>SUBTOTAL - Appropriated Funds</b>	<b>5,515,500</b>	<b>5,691,300</b>	<b>5,579,400</b>	<b>5,579,400</b>
Other Non-Appropriated Funds	7,900	10,000	10,000	10,000
<b>TOTAL - ALL SOURCES</b>	<b>5,523,400</b>	<b>5,701,300</b>	<b>5,589,400</b>	<b>5,589,400</b>

**CHANGE IN FUNDING SUMMARY**

	<u>FY 2005 to FY 2006 JLBC</u>		<u>FY 2005 to FY 2007 JLBC</u>	
	\$ Change	% Change	\$ Change	% Change
General Fund	(3,257,500)	(100.0%)	(3,257,500)	(100.0%)
Other Appropriated Funds	3,145,600	129.2%	3,145,600	129.2%
Total Appropriated Funds	(111,900)	(2.0%)	(111,900)	(2.0%)
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	(111,900)	(2.0%)	(111,900)	(2.0%)

**AGENCY DESCRIPTION** — The Arizona Pioneers' Home provides a home and long-term nursing care and medical care for Arizona pioneers, long-time residents and disabled miners. The Home, on average, cares for 120 residents.

**PERFORMANCE MEASURES**

	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 JLBC
• % of residents rating services as "good" or "excellent"	98	98	98	98
• Monthly cost per resident	\$3,615	\$3,615	\$3,615	--
• Average monthly payment per resident	\$625	\$602	\$650	--
• % of agency staff turnover	NA	26	16	--
• Administration as a % of total cost	5.7	5.7	4.3	--

**Comments:** The agency did not submit information for any measure labeled as "NA."

# Explanation of Dollar Changes From Prior Budget

Budget Book narrative provides information on:

- Standard Changes
  - Technical revisions in employer benefit expenses, rent and risk management (liability self-insurance)
- Other Dollar Changes
  - General Fund increases generally limited to statutory funding formula requirements
  - Dedicated Funds do not have same limitation

# Other Terms and Conditions

Budget Book also includes information on:

- Budget Format
  - Number of line items displayed in budget bill
- Budget Footnotes
  - Restrictions and reporting requirements attached to the appropriation in the budget bill
- Statutory Changes
  - Budget may require changes in permanent statutory requirements, which are included in separate legislation

# Budget Format

- Lump Sum
  - All standard lines consolidated into a single lump sum amount in the budget bill
  - Most frequent format for small agencies
  - Special Line Items usually shown separately
- Modified Lump Sum
  - Personal Services, Employer Benefits Expenses and Special Line Items are separately delineated in bill
- Detailed Lump Sum
  - All standard lines displayed in bill

## RECOMMENDED CHANGES FROM FY 2005

### ***Operating Budget***

The JLBC recommends \$5,143,000 for the operating budget in FY 2006 and FY 2007. These amounts consist of:

	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>
Miners' Hospital Fund	\$1,357,000	\$1,357,000
State Charitable Fund	3,786,000	3,786,000

### **Standard Changes                      OF    (111,900)    (111,900)**

The JLBC recommends a decrease of \$(111,900) from the Miners' Hospital Fund in FY 2006 and FY 2007 for standard changes.

### **Fund Shift                                      GF (3,257,500)    (3,257,500)** **OF 3,257,500    3,257,500**

The JLBC recommends a decrease of \$(3,257,500) and (92.8) FTE Positions from the General Fund and a corresponding increase of \$3,257,500 and 92.8 FTE positions from the State Charitable Fund in FY 2006 and FY 2007 due to accruing interest payments in the State Charitable Fund. Due to a recent sale of property, the State Charitable Fund accrued \$268,500 in FY 2004 and is expected to accrue approximately \$3,000,000 in revenue for FY 2005 and for each additional year until 2010.

### ***Special Line Items***

#### ***Prescription Drugs***

The JLBC recommends \$436,400 from the State Charitable Fund for Prescription Drugs in FY 2006 and FY 2007. These amounts are unchanged from FY 2005. Monies in this Special Line Item provide funding for prescription drugs used by residents at the Pioneers' Home.

\* \* \*

#### **JLBC RECOMMENDED FORMAT — Detailed Line Item by Agency**

#### **JLBC RECOMMENDED FOOTNOTES**

##### ***Standard Footnotes***

In addition to the amounts appropriated, earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated for the Pioneers' Home and the Hospital for Disabled Miners in compliance with the Enabling Act and the Constitution of Arizona.

The Pioneers' Home shall not exceed its expenditure authority for monies appropriated from the Miners' Hospital for the Disabled Miners' Land Fund.



<b>SUMMARY OF FUNDS</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Estimate</b>
<b>IGA &amp; ISA Fund (PIA2500/A.R.S. § 41-921)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Intergovernmental agreements between the Pioneers' Home and other state and local entities.		
<b>Purpose of Fund:</b> To be used as specified in the grant or agreement.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Miners' Hospital (PIA3130/A.R.S. § 37-525)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Interest on the Miners' Hospital Fund as established through Arizona's Enabling Act, Section 25 and monies derived from the rental of these lands and property.		
<b>Purpose of Fund:</b> To provide a continuous source of funds to benefit the Arizona Pioneers' Home.		
<b>Funds Expended - Capital</b>	199,600	47,600
<b>Funds Expended - Operating</b>	1,327,100	1,468,900
<b>Year-End Fund Balance</b>	656,800	519,600
<b>Pioneers' Home Fund (Donations) (PIA3143/A.R.S. § 41-926)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Donations or contributions from private sources.		
<b>Purpose of Fund:</b> To defray expenses or work conducted by the Arizona Pioneers' Home in serving its clientele.		
<b>Funds Expended</b>	1,200	3,000
<b>Year-End Fund Balance</b>	27,600	47,800

# JLBC Budget Book 2: The “Comparison Book”

- Published 2 weeks after Executive Recommendation, this book compares JLBC and Executive budget proposals
- Book 2 includes:
  - Comparison of Policy Issues: side-by-side comparison of two budgets for each agency
  - Detailed Budget Number tables: include Executive recommendation
  - Total Funds graph

## ARIZONA PIONEERS' HOME JLBC - Executive Comparison

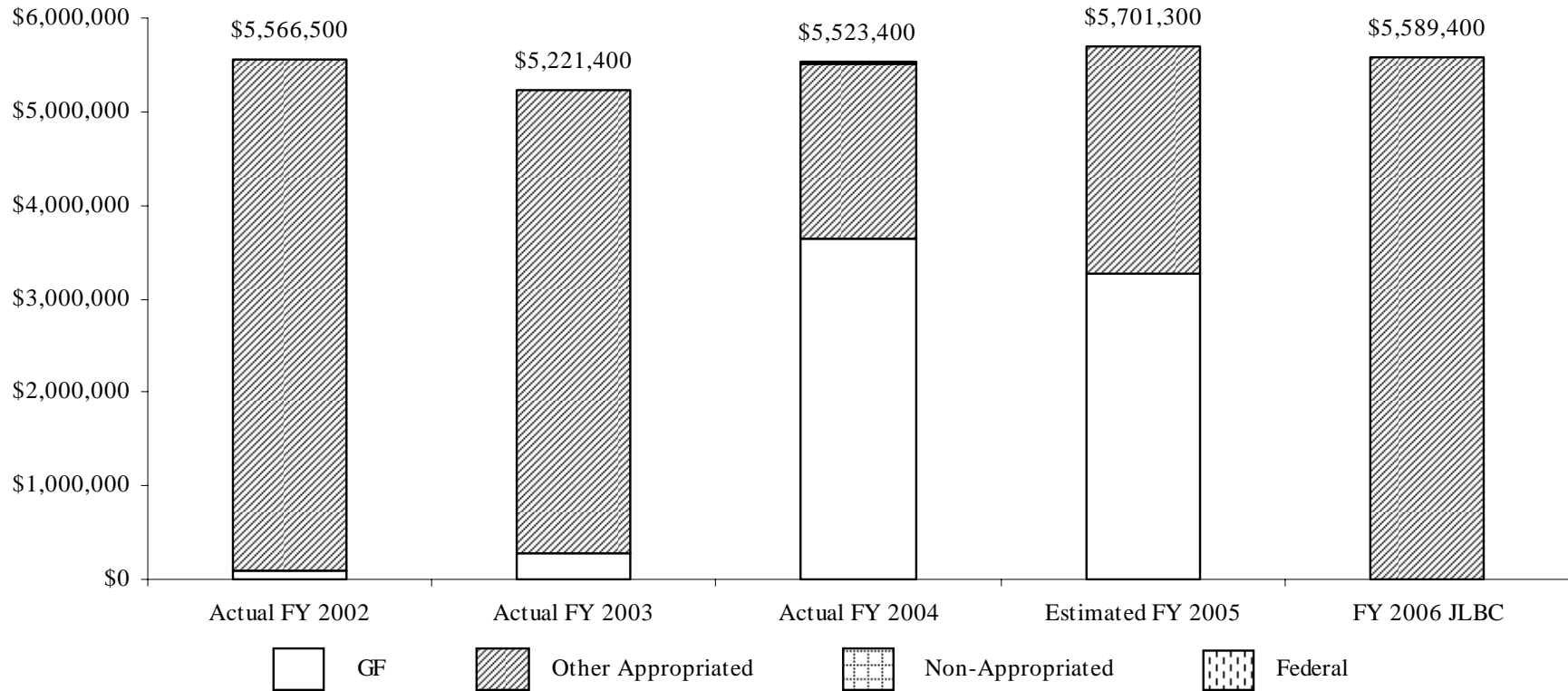
	JLBC	EXECUTIVE
Total Appropriations          (Pg. 368)	<u>FY 2006</u> <ul style="list-style-type: none"> <li>• \$0 GF</li> <li>• \$5.6 M OF</li> <li>• \$(3.3) M GF below FY 2005</li> <li>• \$3.1 M OF above FY 2005</li> </ul> <u>FY 2007</u> <ul style="list-style-type: none"> <li>• \$0 M GF</li> <li>• \$5.6 M OF</li> <li>• \$(3.3) M GF below FY 2005</li> <li>• \$3.1 M OF above FY 2005</li> </ul>	
Fund Shift   (Pg. 369)	<ul style="list-style-type: none"> <li>• Shift \$(3.3) M of GF funding to the State Charitable Fund</li> <li>• Would utilize interest payments accrued in the State Charitable Fund from property sale</li> </ul>	
Technical (Pg. 369)	<ul style="list-style-type: none"> <li>• \$(111,900) OF for standard changes</li> </ul>	

# Arizona Pioneers' Home

	FY 2005 ESTIMATE				FY 2006 OSPB		FY 2006 JLBC			
	General Fund	Other Funds	Non-Appropriated	Total	General Fund	Other Funds	General Fund	Other Funds	Non-Appropriated	Total
<b>OPERATING BUDGET</b>										
<i>Full Time Equivalent Positions</i>	92.8	23.0	0.0	115.8	0.0	0.0	0.0	115.8	0.0	115.8
Personal Services	2,322,300	945,100	0	3,267,400	0	0	0	3,267,400	0	3,267,400
Employee Related Expenditures	760,300	384,000	0	1,144,300	0	0	0	1,052,700	0	1,052,700
Professional and Outside Services	0	129,300	0	129,300	0	0	0	129,300	0	129,300
Travel - In State	0	25,000	0	25,000	0	0	0	25,000	0	25,000
Other Operating Expenditures	174,900	299,800	10,000	484,700	0	0	0	454,400	10,000	464,400
Food	0	202,200	0	202,200	0	0	0	202,200	0	202,200
Equipment	0	12,000	0	12,000	0	0	0	12,000	0	12,000
<b>OPERATING SUBTOTAL</b>	<b>3,257,500</b>	<b>1,997,400</b>	<b>10,000</b>	<b>5,264,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,143,000</b>	<b>10,000</b>	<b>5,153,000</b>
<b>SPECIAL LINE ITEMS</b>										
Prescription Drugs	0	436,400	0	436,400	0	0	0	436,400	0	436,400
<b>AGENCY TOTAL</b>	<b>3,257,500</b>	<b>2,433,800</b>	<b>10,000</b>	<b>5,701,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,579,400</b>	<b>10,000</b>	<b>5,589,400</b>
<b>FUND SOURCES</b>										
General Fund	3,257,500			3,257,500	0		0			0
<u>Other Appropriated Funds</u>										
Miners' Hospital Fund		1,468,900		1,468,900		0		1,357,000		1,357,000
State Charitable Fund		964,900		964,900		0		4,222,400		4,222,400
<b>SUBTOTAL - Other Appropriated Funds</b>		<b>2,433,800</b>		<b>2,433,800</b>		<b>0</b>		<b>5,579,400</b>		<b>5,579,400</b>
<b>SUBTOTAL - Appropriated Funds</b>				<b>5,691,300</b>		<b>0</b>				<b>5,579,400</b>
<u>Other Non-Appropriated Funds</u>										
Pioneers' Home Fund (Donations)			3,000	3,000					3,000	3,000
Statewide Employee Recognition Gifts Fund			7,000	7,000					7,000	7,000
<b>SUBTOTAL - Other Non-Appropriated Funds</b>			<b>10,000</b>	<b>10,000</b>					<b>10,000</b>	<b>10,000</b>
<b>TOTAL - ALL SOURCES</b>				<b>5,701,300</b>						<b>5,589,400</b>

CHANGE IN FUNDING SUMMARY	FY 2005 to FY 2006 JLBC	
	\$ Change	% Change
General Fund	(3,257,500)	(100.0%)
Other Appropriated Funds	3,145,600	129.2%
Non Appropriated Funds	0	0.0%
Total - All Sources	(111,900)	(2.0%)

**Arizona Pioneers' Home  
Total Funds FY 2002 - FY 2006**



# Elements of Committee Motions

- Number of FTE Positions
- Funding Level by Year
- Budget Format
- Footnotes
- Statutory Changes
- Performance Measures

# Possible Motion Sheet

## Arizona Pioneers' Home

### *Senate Motion*

I move the JLBC recommendation in FY 2006 and FY 2007, including any footnotes, format, and performance measures, with the following adjustments:

- Add \$X from the General Fund in both FY 2006 and FY 2007 for 2 new nursing staff positions.
- Delete \$Y from the General Fund and \$Z from the Miners' Hospital Fund in both FY 2006 and FY 2007 in new equipment spending.